the strike has been called off. Unfortunately, an incident did take place on the 17th wherein some people went in and had an altercation with some resident doctors. It was a very serious matter. We strongly condemn it. I have assured the resident doctors that I would be taking up this issue with the Home Minister as well as with the Lt. Governor of Delhi. And we will put all the pressure at our command and do everthing possible by us to see that the culprits are apprehended and action is taken against them. Thank you.

SHRI VAYALAR RAVI (Kerala): It is referral hospital rather than a regular hospital. It is a research institute. But unfortunately, it has become a hospital. Please change it.

SHRI VIZOLA (Nagaland): The strike is called off. It is very good. But what about the patients who have been discharged? About 80 per cent of the patients have been discharged and were sent home.

THE VICE-CHAIRMAN (SHRI MD. SALIM): We are not going to have clarifications now.

SHRI VIZOL: What about the fate of the patients who were discharged and were sent home?

THE VICE-CHAIRMAN (SHRI MD. SALIM): Mr. Minister, you may respond to that if you can.

SHRI SALEEM IQBAL SHERVANI: Sir, I am sure all of them will be readmitted. As soon as they come to us, we will re-admit all of them.

THE VICE-CHAIRMAN (SHRI MD. SALIM): We shall now return to the discussion on the Depositories Bill. Mr. Prem Chand Gupta.

I. STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE DEPOSITORIES (THIRD) ORDINANCE, 1996 (NO, 28 OF 1996) AND

20-i^7.6IPMR/b7

II. THE DEPOSITORIES BILL, 1996—Contd.

SHRI PREM CHAND GUPTA (Bihar): Thank you, Mr. Vice-Chairman, for giving me this opportunity of speaking on the Depositories Bill, 1996. Sir, in most of the advanced countries, this system exists today. So far, we have been having the system of carrying paper securities. Whenever a new company issued shares, small lots were allotted to millions of shareholders. The issuing company could not control the number of new
shareholders. And all those things let to various problems like forgery, theft of shares, bad deliveries and mutilation. Apart from that, NRIs and foreign financial institutions, foreign institutional investors were facing serious problems. They had bought the shares, but they were not allowed to carry them to their countries. They had to keep the shares in India and to carry such a large number of certificates was a difficult proposition for them.

Sir, this paperless trading through the depository companies would help increase greatly the number of investors from the present 25 million. You would agree that the financial health of a country is reflected through the stock-exchange market in that country. We have a lot of investors who would be willing to invest in share market and I am sure, the introduction of the new measure would encourage more and more investors.

This Bill provides for a legal framework for the establishment of depositories for maintenance of ownership and effecting change in ownership record of securities. Apart from that, this provision would also help free transferability of shares of securities and also would save stamp duty.

The formation of a depository would be authorised by the SEBI. Such companies would also be reglatcd by the SEBI. What we have to see is whether the net worth of such a depository should be kept at Rs. 100 crores or Rs. 150

crores or Rs. 200 crores since such a depository company.....Since such a depository company would be the custodian of hundreds of crores of rupees worth securities of millions of investors, I would request that a minimum networth of depositories be kept at a higher figure. Once approved the Depository would have to have a close interaction between the issuers, brokers, banks, FIs and the beneficial owners. We must ensure that a depository does not connive or is not able to connive with any of these participants; otherwise, this may ultimately lead to the irregularities which have been discussed earlier. As of now, only one depository has been registered, which has been promoted by the Industrial Development Bank of India, the Unit Trust of India and the National Stock Exchange. Sir, this paperless trading would reduce or completely eliminate a lot of hurdles which our investors and, in fact, also the issuers face today. Sqmetimes on various counts, on various grounds, shares and securities are not transferred in the name of the owner or the new owner on account of the difference in signatures or the out dated transfer deeds. Sir, with the introduction of the Depositories Bill, this would be reduced to a great extent.

Sir, we have a serious menace of inside trading and price manipulation. With the introduction of depository system, to a great extent, this menace would also be checked.

Sir, there is also another serious problem which exists today in the securities' market. As I said earlier on various grounds, sometimes shares are not transferred and in between, during the period of purchase of shares by a particular investor and the transferring of shares in his name, the companies sometimes issue bonus shares or declare dividends. The House would recall that some years ago when we had a problem about the transfer of shares by companies like DCM and Escorts, millions of rupees worth dividend could not be recieved by the new buyer, because the seller still owned the shares in his name because of non-transfer of shares by issuers. Because the shares were still registered in the name of the seller, this dispute exists even today. With the introduction of the Depositories Bill, this problem would be, to a great extent, taken care of.

Sir, since a depository would be the custodian of hundreds of crores of rupees worth shares on behalf of million of shareholders, we must be very careful about such companies. The apprehension expressed by our hon. Member, Shri Satish Agarwal, cannot be ignored. I would say, Sir, when SEBI approves the registration of a depository company it must go into the background of the promoters, whether they are individuals or companies or institutions. It is very important that such depository companies should be adequately insured because the entire function of these companies is based on electronic system. There exists a possibility for some embarrassing situations to arise. Therefore, insurance coverage is an important factor.

Vigilance should be kept on all such companies and intermediaries to ensure that there is no connivance between these two entities.

Another very important factor, which should, in fact, be mandatory for the depository companies, is to announce through national failies—one may be in Hindi and the other may be in English—all major / large transactions which take place every fortnight.

With this there would be complete transparency and minimum scope for manipulation. Wherever things go wrong one would be able to know them because of this mandatory provision.

Though SEBI would be the regulatory authority for such companies, I feel that a separate board should be formed to keep a vigil on such depository companies. Such a board can have people who are experts in company laws, who are having chartered accountancy background and who are having Company Secretary background. It can have stock-

brokers, members from banks and financial institutions, representatives of shareholders and other eminent persons from the public on the board. Through this we will be able to keep a watch or the SEBI would be able to keep a watch or, you can say, the Government would be able to keep a watch on such companies through this board.

Putting a penalty for a fraud is not a solution. When millions of investors are looted, putting somebody behind bars for five years or putting a fine on the defaulting depository company would not serve the purpose. It is important that we should have some sort of a vigilance board.

Sir, it is a good move and I congratulate the hon. Minister for bringing this Bill to the House for approval. We all support it. I hope this would bring in a lot of investments from new investors.

SHRI SURINDER KUMAR SINGLA (Punjab): Sir, I rise to welcome this much-awaited Bill on depositories. India does need a healthy capital market to fund very bold and ambitious projects of Governments, particularly those mentioned by the hon. Finance Minister in his Budget Speech, like infrastructure While I welcome this, I am disappointed also because his Budget proposals are not really carrying the points of view of the Indian capital market or the investors and are not offering any incentives to investors.

Sir, I differ with my colleague, Shri Vayalar Ravi. He says that a free market economy produces a large number of crooks. I have exactly an opposite view. It is the State-controlled economy, particularly the regimented society which produces more crooks than the free market. That is why this regulatory mechanism has been brought to take care of these crooks; otherwise, it would not have been required. It is true that in the last three years India's capital market has thrown a lot of regulatory mechanisms. The first was forward trading, .the second was company's disclosure of information and the third is depository. As has been mentioned by the hon. Minister, the investors in India are suffereing from late delivery and duplicate and fake shares and also loss of shares. Naturally, you require a system wherein these problems could be taken care of. As I have mentioned in the beginning, it is a very, very positive step. It will establish a new system of faster delivery and the problem of duplicate shares and fake shares would be tackled in this system. But I have my own apprehension. My colleague, Mr. Satish Agrwal, has rightly referred to the JPC report. An assurance has been given by the hon. Finance Minister in regard to the foreign banks and foreign companies being permitted to be the sponsor of a depository. As quoted from the JPC report, India's experience of foreign banks is not really very happy. It is unsatisfactory. Mr. Vice-Chairman, Sir, if you remember, the hon. Finance Minister might also remember, we were dealing with one case, The Reserve Bank of India wanted certain information from the Federal Bank of America on the Citi Bank. The Federal Bank of America refused to share that information with the Reserve Bank of India. The plea that they took was taht the Reserve Bank of India would not share its information with the Central Government. But in this Bill there is a provision for penalty. You have a court, you have a statutory body like SEBI which can impose penalty. But if an appeal is pending with the Government of India a.id if the Reserve Bank of India has the information and it refuses to share that with the Government of India, then what will the Government of India do to deal with the delinquents and complaints made against a foreign bank which is a sponsor of a depository? One has to really see in a larger context whether the Indian States will have this power to deal with it. In many Committees I have been told that the Reserve Bank of India has a very limited power of sharing information with

other federal banks in hte world. They don't really share information for the purpose of punishment with any Government in the world. One has to see whether these powers could be shifted from the SEBI to some other institution.

I am not really very sure whether the SEBI has this power. I want to take the hon. Finance Minister back to the time when nationalisation of banks took place. The reason for nationalisation was that banking institutions had a powerful influence on other institutions. They had vested interests. A foreign bank can also ponsor a depository. It is an interlinked thing. The banks and the depositories have combined interests. They will have total information about the Indian companies. Can the Minister assure the House that the hot money that will be coming into the country would not be used to indulge in hot take-overs of Indian companies? We have depositories which have total information and banks have the powers to manipulate. Would it be right to provide this kind of linkage? We had to nationalise our banks because of the bitter experience that we had. I have my apprehensions. I do not know, I may be wrong. One has to really see whether this kind of powerful linkage would not really destroy the India corporate sector. However, I welcome it. It is a good move. There is another point on which I am apprehensive. The hon. Minister has agreed that we have a thin market. He has admitted that the possibility of the depository system becoming successful was bleak because of the small number of investors in the country. Has the Government of India or the Finance Ministry conducted a survey to find out the quantum of funds available to the Indian capital market and the source of these funds—how much is black money and how much is white money? If we have the depository system, the possibility of black money coming into the capital market is lost. The hon. Finance Minister had no answer to the black money problem. He only said that he could punish the corrupt....*(Interruptions)*... My point is that this country has been generating black money for the last 20 to 30 years. Every year, black money operations are on the increase. The hon. Finance Minister did not agree to the earlier solutions that the country had adopted to get rid of this problem. The voluntary disclosure scheme and the other schemes did not really help and I agree with him fully. But I certainly have a solution to offer. The point that I wish to make is that if you have black money in the Indian capital market, by introducing the depository system, would you not be starving the Indian capital market of funds? In fact, it will so happen that the system of physical tranfer of certificates and the depository system will co-exist. Which one would people prefer? The point is that the system should not fail. But you have to really answer the question of finding more positive solutions to the problem of black money.

4.00 P.M.

Only then we can see to it that the white money, the accounted for money, that comes into hte system, is not hampered. Lastly, Sir, as you were saying, I must finish early because the hon. Finance Minister wants to go early after completing the debate. I have another apprehension. The cost of the big investors, the large-scale investors, would be much cheaper and the cost of the small investors would be very high. What is the answer to this? How do you deal with the situation? If there are two prices for large-scale traders and small-scale traders in the stock market and the small trader has to pay a heavy cost, would it not be discouraging the small investors who will have to pay a very heavy price and will have to return to the old system fo physical verification? So, this is the third apprehension that I have.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Please leave the rest of the points for the consideration of the

Finance Minister. He has had many sleepless nights in the pre-Budgetary exercise.

SHRI SURINDER KUMAR SINGLA: Lastly, I would mention the problem which has also been mentioned by the senior and esteemed colleague, Shri Agarwal, and that is the problem of frauds by computers. Our country has experienced, in fact, the other countries also have rich experience, particularly, of the Baring Bank failure case wherein commputes played a fraud on the entire system. It is related to the depository and the computer. So, how do we really come out of the situation? As has been rightly mentioned by Shri Agarwal and also by Shri Chidambaram,—I quote what he said, "Tomorrow, in Parliament, we should not say that it was a system failure"—my point is that it is a great idea, it is a great institution that you are building, but enough care has to be taken. Lastly, Sir, I would say... *(Interruptions)*

SHRI ASHOK MITRA: This is the third last.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Everybody is very alert.

SHRI SURINDER KUMAR SINGLA: I would appeal the hon. Finance Minister to see that the penalty is not so harsh. The harsher the penalty that we introduce in the system, the more the corruption that intrudes into the system. I think that the best way is that the SEBI should be given a lot of powers both of enquiry and information so that the SEBI can have a check in the beginning itself rather than coming at the later stages. There are enough powers of enquiry, information and what not. If the SEBI functions in the most vigilant manner, which it is expected to do, then the possibility of having the later stages of rigorous penalty, very harsh penalty, which can actually endanger things in terms of society becoming more corrupt, can be avoided. People, especially the crooks who have made money, prefer to pay a penalty rather than going to jail. So, my point is that we should see how best we can really reduce this penalty clause and not make it very harsh.

I again welcome the hon. Finance Minister. I have to make a small comment. Let him be an aggressive reformer. The country is with him. If you look at the mandate for economic reforms, more than 90 per cent of the people are with you. So, the whole country backs him. Let him remain the aggressive reformer. Let him not do with an image that he is shedding his image and that there is a free market economy.

Thank you, Sir.

SHRI ASHOK MITRA (West Bengal): Mr. Vice-Chairman, Sir, it becomes almost an embarrassment when all sides of the House congratulate and applaud the Finance Minister for moving this Bill. It is not good for the health of the Finance Minister to be praised so universally at the beginning of his care r as a Finance Minister. Therefore. I purposely want to introduce some dissonance and this dissonance is not for dissonance's sake. I have one or two serious fears which I want to raise and 1 hope that he will listen to what I have to say in the same spirit of goodwill with which I am offering them to him.

I will begin with a point which Mr. Agarwal has made. This Bill is intended to convert an Ordinance into a Statute. We have survived as a notion for 49 years without a depository and I dare say that we would have survived a few more months even without a depository. Then why bringing in this Ordinance? After all, the Finance Minister himself has informed us that in the last ten months, from September, 1995 to July, 1996, only one depository is constituted and it is not functioning.

SHRI RAGHAVJI: Only registered.

SHRI ASHOK MITRA: Yes, registered. This is ridiculous. Then why do you rush with an Ordinance? I can quite visualise the kind of scenario that is taking place. If I can put it that way, there is non-application of mind at two stages.

Firstly, perhaps in the first week of September, 95, a fax message or an E-mail arrived from Washington DC to North Block which said that you had not done enough on reforms of your financial markets. So, they are at an uneasy nervousness because of the message from Washington DC. So, rush, rush with an Ordinance. Now this is quite apart from the authoritarian mind that is at work in some of the dark corners and corridors of North Block. Then, contempt of Parliament. Now it has become a *fait accompli* and you have done. But this is accompanied by a certain non-application of mind bacaiise somebody from Washington wants something and we have to do it.

The second non-application of mind, I am sorry to say, has happened during the transition—a Government went out and a new Govrnment and a new Finance Minister were in. Perhaps the new Finance Minister considered himself to be morally bound to convert all the Ordinances that were brought forth by the previous Government into Statutes. Why don't you apply your mind? Why don't you see the fact that after all, it is a new Government. Perhaps there are some substances which have to be rejected and some substances which have to added to the totality of the administrative structure. Because an Ordinance is there, we have to bring it here, convert it into a Statute! This is of course, as regards the form. Forget about the form. I am much more worried about the substance. What is the Finance Minister offering us? He is offering us a model of the depository system that is prevalent in the US.

Now, I am a great admirer of many things American. I am in love with American films. I like American baseball. I like American crime fiction. I like some of the great Presidents of the United States, etc. etc. But I do not think that the American securities market is an ideal that we should follow. If you read the history of the American securities, it is chock-full of corruption, switching of shares, inside trading, manipulation of the worst kind. And I don't think that can be a very ideal model for us to follow. I would say that there is a certain advantage to turn towards Europe, which is slightly more conservative but we are also in many ways a conservative country. Modernism should come to us in a slightly conservative mould. I think there is a certain advantage in not rushing with the very latest, etc. etc.

Now, why do I say that? You know, there are certain things with the Americans which don't gel with the way we have carried out our activities. Now, it may sound rather facetious but I will give a very simple example from the text of the Ordinance that the Finance Minister has moved. De-materialisation! Now, de-materialisation has an American meaning. But de-materialisation in the classical sense means something altogether different. To do a Houdini is de-materialisation and, you know, an outsider starts reading, all right, what is happening to my shares and securities have they disappeared? Now, therefore, I would be slightly hesitant in not just using American terminology, but also some of the American modalities in our securities system. No. But I have a broader philosophical issue to raise with the Finance Minister.

It. has become an obsession with the Ministry of finance over the past five years to say that India's economic advance is crucially dependent on the reform of the financial systems. It is an obsession, I would say—'Do this', 'Do that' and the kind of things Mr. Ravi was

complaining about; importing technology from the foreign banks and I had occasion to say earlier that the only technology which the American banks have offered us is the technology of the scam, how to cheat people of their hard-earned earnings. Therefore, I do not think that we should have such an illusion about the foreign banks. But, the Finance Minister wants to reform the securities market! Why? He thinks that if he reforms the market, there will be a gush of portfolio investment from overseas. It is currently at the rate of four to five Billion dollars. Perhaps, what he had in mind was that the annual flow would be ten billion or something like that. All right. Even if for argument's sake, I say that is all right, you are able to double the inflow, does it help? Does it help us in pushing and accelerating the rate of economic development? What will happen? Some foreigners will come. They will buy the shares of our companies or sell some shares and they come not out of love for our stock Exchanges, they come because the rate of interest that they can earn on their idle capital in their own countries is hardly three or four per cent. Coming to India, speculating in our share market, they have hopes they can double or treble their earnings. And, we are very polite people, we will not impose any Capital Gains Tax, we will not impose any 'Locking Provisions' on the income. But what will happen? Yes, we will get some extra three, four or five Billion dollars with the help of which you might be able for the present to cover the gap in your trade balance.

You have reduced import duties and you are liberalising the whole import control apparatus and inevitably there will be a rush of imports. You have to finance it. Your exports would not provide you the wherewithal to do that and, therefore, you are banking on this short-term device of just getting some extra money through the portfolio capital investment coming in on the assumption that because you have modernised your securities system and the Americans will pay for it. But, does it solve your long-term capital? Does it solve your long-term capital with respect to balance of payments? How long will you continue to depend on this fortuitous inflow of short-term capital into your share market for showing up your balance of payments? So, structural problem encounters you here. You have certainly opened-up your system; you have ditched the concept of economic self-reliance, but the alternative system.is not viable. You can make it viable only on the assumption that the foreigners are coming* with the money and the kind of nervousness one sees is because let us placate the foreigners so that they would come in, come in and come in. Would they come in? Even if they come in, your long-term problem is not solved. What about the direct foreign investment? Will them come? So, we should be able to raise our rate of capital formation within our system. So, why is this extra emphasis on the securities market? It is entirely possible and I certainly agree with some of the things that have been said by our colleagues that our stock market needs modernisation. There is a lot of corruption. Some cleaning up is necessary, but I would revert to my first point that even if you want to clean up would you not go in for the American model? Secondly, even if we try to clean up, we will try to see that we don't switch-over overnight into something about which we have no previous experience. This really brings us to substantive issues as to what are the contents of the Bill. Shri Raghavji made a point that going by what is in the text of a the Ordinance, we cannot form much of judgment about what the structure of the depositories is going to be, what will be the capital requirements, what will be the equity arrangements and all that. These are two separate points of view. One says that the law should be short and brief and most of the substantive issues ought to be in the bye-

laws and the regulations. In that way, the law apparently is leaving a certain flexibility. As things change, you can incorporate these changes in the regulations and the bye-laws. But the problem is that we are really being invited to make a leap into the dark. We don't know what system we are going into. I suspect that part of the reason is that even the Ministry of Finance and SEBI are so hesitant because they themselves don't know. They know what they are ditching, but they don't know what they are accepting and certainly if I say that there have been irregularities in the American system which are persisting, after all, they should be knowing about all these.

I have some more pointed doubts which I have to raise. As I have said, we are still very vague about the structural arrangements. Perhaps as we pour into the regulations and the bye-laws, we will know a little bit more, but at least we must ensure that in the name of cleaning up of our securities market, our share market, we don't hand them over to foreigners. Or do not hand them over to a bunch of monopolists. Both can be very dangerous. In the United States of America at least they have strong antitrust and anti-cartel legislation which helps them to prevent the excesses of a marauding system. In our own monopoly laws whatever little effors are made to add strength to them, as in the early 'seventies ... *(Time Bellrings)...* I have got three minutes.

THE VICE-CHAIRMAN (SHRI MD. SALIM): Please conclude.

AN HON. MEMBER: Let him continue.

SHRI ASHOK MITRA: Okay. This danger is always there that a large part of the market for depositories would be taken over by a group of people, whether domestic or foreign, and to that extent you know that could be more chaos than we have. Now, I would seek an explanation from the Finance Minister and request him to look at clause 12. I am completely in the dark. Before I come to that I would only like to ask: How does he avert the possibility of a collusion between, what I call, the despository and the issuer in that kind of system that we are developing now? I will remind him of an anology of what is happening in the Reliance Group of Industries shares. Of the Reliance shares, millions of shares, we can say that the Unit Trust of India was the despository. It is not one hundred per cent exact identification, but at least we can say—it seems to us from outside — that it was a clear case of collusion between the Unit Trust of India and the Reliance Group of Industries. And we are helpless; the SEBI is helpless; and the Government of India is helpless because Reliance shares are rising and rising in the market. The more corruptive you are the better the receptivity in the share market, it seems. So, if this kind of a thing arranges collusion between a depository and an issuer, those who have issued shares, have a controlling interest over the depository, then any kind of hanky-panky can take place. Well, I want an assurance from the Finance Minister that he is aware of such possibilities and will take care of that. I have just two or three points to make. Number one is with respect to clause 12 (1): "..... a beneficial owner may, with the previous approval of the despository create a pledge or hypothecation in respect of a security owned by him through a despository." So, what does it say? It is my share. I can dispose it of in a particular manner. And in order to do that I must have the approval of the despository. It is a bit like that the Finance Minister's wife keeps a diamond or gold in a bank and if at any particular moment she wants to dispose of this gold or diamond in a particular manner, that bank comes and says no, they have a say in what manner she will dispose of this. It is absurd. I think if my interpretation is wrong, something is wrong with the text of this

stature and if the latter is correct, the latter assmuption is correct, I would humbly request that this particular clause 'with the previous approval of the despository' may kindly be dropped. I will pay a homage to the sentiments expressed by Mr. Vayalar Ravi. He says that those who perpetuate irregularities in managing depositories should be given a deterrent punishment. Now, the provision here in clauses 20 and 21 is very liberal; either imprisonment or fine.

I would suggest that this alternative proposition should be dispensed with. Those who do this stealing would be rich, fabulously rich because they are stolen from society and there should be no mercy shown to them. They must be compulsorily made to go to prison. Thank you very much.

उपसभाध्यक्ष (श्री मोहम्मद सलीम): श्री मूलचन्द मीणा। संक्षेप में बोलेंगे।

श्री मूल चन्द मीणा (राजस्थान): बिल्कुल शार्ट।

उपसभाध्यक्ष महोदय, डिपाजिट्रीज बिल, 1996 मंत्री जी देर से सही लेकिन लाए—देर आए दुरुस्त आए। लेकिन डिपाजिट्रीज बिल की कल्पना भारत के लिए कोई नयी कल्पना नहीं है। भारत में जो आर्थिक पूंजी बाजार है उसके अंतर्गत व्यक्तिगत लेनदेन बिना लेखा-जोखा के होता था। कई बार धोखाधड़ी भी होती थी। कई फर्जी शेयर्स भी जारी किए जाते थे। शेयर होल्डर्स की सुरक्षा के लिए और इन्वेस्टर्स के हितों की रक्षा के लिए इस बिल को लाया गया है। कुछ दिन पहले इस देश की आर्थिक व्यवस्था के अंदर, यहां के बैंकों की व्यवस्था के अंदर "सेबी" जिसकी संरक्षक है, उस स्टाक एक्सचेंज के अंदर बहुत बड़ा घोटाला इस देश में हुआ। वह घोटाला 6 हजार करोड़ रुपए का हुआ। 6 हजार करोड़ रुपए का घोटाला हुआ या इससे अधिक हुआ, आज तक देश की जनता को इस बात का निश्चित तौर पर पता नहीं है कि कितने रुपए का वह घोटाला हुआ है। मंत्री जी से यह निवेदन करना चाहूंगा कि आप रिसर्च करें कि शेयर घोटाला कितने रुपए का था।

इस बिल में कई खामियां भी हैं। मंत्री जी से निवेदन करना चाहूंगा कि इस बिल के अंदर जो खामियां हैं उनको दूर करें। इस डिपाजिट्रीज के गठन का सवाल है। "सेबी" के माध्यम से आपने एक सरल रास्ते से इसके गठन की बात कही है। "सेबी" के माध्यम से स्टाक एक्सचेंज, बैंकों के क्रियाकलापों की देखरेख होती है। लेकिन मैं यह समझता हूं कि आज जब इतना बड़ा घोटाला इस देश में हो जाए और प्रतिभूति की रक्षा के लिए आप कोई डिपाजिट्रीज बिल लाएं तो इसके गठन के लिए "सेबी" की इसमें भूमिका संदेहपूर्ण हो सकती है। इसके लिए आपको एक बोर्ड का गठना करना चाहिये जिसमें भारत सरकार के प्रतिनिधि हों, बैंकों का प्रतिनिधि हो, "सेबी" का प्रतिनिधि हो, जिनकी आर्थिक क्षमता डिपाजिट खोलने की हो उनके प्रतिनिधि हों और वे मिलकर एक बोर्ड बनाएं। वह बोर्ड ही इस पर नियंत्रण रखे कि इसमें किस प्रकार से क्रियाकलाप होगा, किस क्रियाकलाप से कार्य करेगा। कितनी जिम्मेदारी किसकी होगी यह बोर्ड ही तय करेगा। कल किसी बात में गड़बड़ करने वाला आदमी है तो जिसने गड़बड़ की है उसके दोष को यह बोर्ड ही तय कर पाएगा कि किस आदमी की कितनी गलती है।

मैं यह निवेदन करना चाहूंगा कि डिपाजिट्रीज की बात तो अच्छी है लेकिन कैपिटल मारकेट किस प्रकार से नियंत्रित होगा, कैपिटल मारकेट अच्छे ढंग से नियंत्रित कैसे होगा, इसकी आवश्यकता बहुत जरूरी है। पहला मुद्दा मेरा यही है कि आप किस प्रकार से कैपिटल मारकेट को नियंत्रित करेंगे, यह बात स्पष्ट करें जिससे लोगों को यह अंदेशा नहीं रहे, छोटे लोगों को इस बात का अंदेशा नहीं रहे कि हमारे साथ किसी प्रकार की धोखाधड़ी या चीटिंग की बात पैदा हो सकती है। इस प्रकार की चीटिंग राजस्थान में कई बार होती रही है । मैं राजस्थान का उदाहरण आपके बीच में देना चाहूंगा।

राजस्थान के अंदर चिट फंड कंपनी के नाम से सौ करोड़ रुपये लेकर एक कंपनी रातों-रात गायब हो गई। इस प्रकार एम फोर्ट कंपनी के नाम से वहां की सरकार के सहयोग के साथ, एक कंपनी दो सौ करोड़ रुपये लोगों से इकट्ठा करके गायब हो गई। इसलिए लोगों के साथ इस प्रकार की धोखा-धड़ी तो नहीं हो पाएगी उन कंपनियों के साथ डिपाज़िटरीज कंपनियां हैं वे इस प्रकार की धोखा-धड़ी नहीं कर पाएं...**(व्यवधान)** वहां पर बी०जे०पी० की सरकार है राजस्थान में, वह सरकार के सहयोग से ...**(व्यवधान)** कंपनी ने दो सौ करोड़ रुपया...**(व्यवधान)** दारा सिंह जी का भाई कांग्रेसी है या बी०जे०पी० का है यह तो आप जानते होंगे ...**(व्यवधान)** उसका भाई इस कंपनी का डाइरेक्टर है वह बी०जे०पी० का है या कांग्रेस का है यह तो आप जानते होंगे...**(व्यवधान)**

श्री अनन्तराय देवशंकर दवे (गुजरात): उपसभाध्यक्ष जी, किसी का नाम नहीं लेना चाहिये।

श्री मूलचन्द मीणा: वह कांग्रेसियों का नाम ले रहे हैं इसलिए मैं बता रहा हूं...(व्यवधान) मैंने नाम नहीं लिया। मैंने भाई का नाम लिया है कि उसके भाई उस कंपनी के डाइरेक्टर हैं। ...(व्यवधान)

उपसभाध्यक्ष (श्री मोहम्मद सलीम): किसी के भाई का भी नाम न लो और वैसे भी जयपुर में डिपाज़िटरी होने वाला नहीं है।

श्री मूलचन्द मीणा: महोदय, डिपाज़िटरी बिल के ऊपर डिसक्शन हो रहा है इसलिए मैं बता रहा हूं कि कहीं ऐसी कंपनियों को इजाजत नहीं मिल जाए इसलिए इस बोर्ड का गठन करें। बोर्ड बनाएं और उसके क्या-क्या मापदंड होने चाहिए डिपाज़िटरी कंपनी को इजाजत देते समय उनके मापदंडों का इस बिल के अंदर कहीं ब्यौरा नहीं है। साथ ही मैं यह भी कहना चाहूंगा कि डिपाज़िटरी में जो गड़बड़ियां, घोटाले, गबन होंगे उसको कौन वहन करेगा इसका विवरण इस बिल के अंदर नहीं है कि डिपाज़िट करने वाला व्यक्ति ही करेगा या डिपाज़िटरी कंपनी करेगी और डिपाज़िट जो कार्य होगा इसका सर्विस चार्ज क्या होगा, क्या रेट होगी, क्या मापदंड होंगे, यह इसमें स्पष्ट नहीं है। यह भी आप स्पष्ट करें कि कितने सर्विस चार्ज होंगे, कितना पैसा बाकी कमीशन का दिया जाएगा, कितना कंपनी को मिलेगा? ये सारी बातें इसके अंदर स्पष्ट करें, आप अपने जवाब में बताएं कि यह रेट होगी जिससे कि लोगों के सामने खुले रूप से यह पता रहे कि हमारा डिपाज़िट हो रहा है। उसका यह कमीशन हमको भुगतान करना पड़ेगा, किसका भुगतान करना पड़ेगा, कितना भुगतान करना पड़ेगा, ये सारी बातें स्पष्ट होनी चाहिये।

कंप्यूटर की बात आई थी। हां, आज की व्यवस्था के अंदर डिपाज़िट करने वाले व्यक्ति को यदि आवश्यकता पड़े कि मेरा कितना डिपाज़िट किया हुआ है, कितना मेरा शेयर है, कितना बकाया है, आज पूछने जाएं तो आज बैंकों की स्थिति ऐसी है कि बाबू लोग कह देते हैं कि मुझे पता नहीं और वह दूसरे बाबू को पता है और वह तीसरा बाबू कह देता है, यदि कंप्यूटर की व्यवस्था होगी तो जानकारी रखने के लिए यह सरल होगा। इसलिए आधुनिकीकरण के रूप में जैसे सेबी के अंदर, स्टॉक एक्सचेंज के अंदर कंप्यूटर का प्रयोग कर रहे हैं तो निश्चित रूप से नए आधुनिकीकरण का जो उपकरण है इसको लागू रखना चाहिये और कंप्यूटर की व्यवस्था उसके अंदर करनी चाहिये। मैं यह भी जानना चाहूंगा कि इस बिल के अंदर आपने आडिट की कोई व्यवस्था नहीं की है और आडिट नहीं होने के कारण आज बैंकों के अंदर चाहे पी०एन०बी० को लें, चाहे स्टेट बैंक को लें और चाहे रिज़र्व बैंक को लें, करोड़ों का घोटाला उसके अंदर है। यह कैसे हुआ? क्या यह अपने आप हुआ? उसके अंदर ऐसे कर्मचारी बैठे हुए हैं जो यह कहना नहीं चाहते। जो जांच भी करते हैं तो जांच करने वाले कर्मचारी करना नहीं चाहते। जो मैंने किया है उसको तू मत कह और जो तूने किया है उसको मैं नहीं कहूं। इस प्रकार की भाषा के अंदर बैंकों के अंदर कर्मचारी, अधिकारी हैं। इसलिए जितना भी बैंकों का देखा जाए उसका आडिट कराया जाए और आडिट नियंत्रक एवं महालेखा परीक्षक के द्वारा किया जाए जिससे असलियत का पता लग सके कि कितना बैंकों के अंदर घोटाला हुआ है। इस प्रकार से इसके नियंत्रण के लिए एक नियंत्रक रखना चाहिये, एक बोर्ड बनाना चाहिये और समय-समय पर इसका आडिट करना चाहिये ताकि इस प्रकार की गड़बड़ी न हो पाए।

मैं यह भी निवेदन करना चाहूंगा कि अपील का, इस बिल के अंदर अपील की बात तो कही गई है और अपील भी समयावधि के अनुसार लेकिन उस समयावधि का पता नहीं कितनी है। यह इसके अंदर दिया नहीं है कि क्या समयावधि है, महीने की है, दो महीने के है या तीन महीने की है। यह इस बिल के अंदर नहीं है। बिल के अंदर दोषी व्यक्ति इस बिल के अंदर दोषी व्यक्ति के लिए दण्ड, यानि जो भी दोषी व्यक्ति है उसके दंड के लिए पांच साल की सजा और कुछ आर्थिक जुर्माने की बात है। इस देश के अंदर आर्थिक अपराधीकरण बहुत बढ़ा हुआ है। हर आदमी आर्थिक अपराधीकरण को रोकने की कोशिश की बात तो करता है, लेकिन अपराधीकरण रुकता नहीं है बल्कि और दिन-प्रति-दिन बढ़ता जाता है। इस अपराधीकरण को रोकने के लिए मैं माननीय मंत्री जी से निवेदन करना चाहूंगा कि आप इस बिल के अंदर जो पांच साल की सजा की बात कर रहे है, इसको दस साल कर दें और आर्थिक जुर्माना जो करें वह दस हजार से दस लाख तक रखे अर्थात दस हजार और दस लाख के बीच का जुर्माना फिक्स करें, जो भी गड़बड़ करें चाहे डिपोजटरी में डिपोजटरी करने वाला गड़बड़ करे या डिपोजटरी जिसने किया है वह गड़बड़ करे, उसके लिए ऐसा प्रावधान हो। इससे वह अपनी जिम्मेदारी निभाएगा और अपना ईमानदारी से काम करेगा।

उपाध्यक्ष महोदय, यह जो बिल की भावना है, उसके लिए मैं मंत्री जी को बहुत बहुत धन्यवाद देना चाहूंगा क्योंकि इस देश के अंदर जो भी आर्थिक अपराध हो रहे हैं उनको रोकने के लिए इस बिल के द्वारा आपने कोशिश की है। इससे एक दूसरे की पूंजी को, जो प्रतिभूति है, उसका ट्रांसफर भी किया जा सकता है। इस उद्देश्य के लिए जो आप यह बिल लाए हैं, इससे यहां के लोगों को, इस देश के लोगों को सुविधा होगी। लेकिन, एक बात को आपको जरूर ध्यान रखना होगा कि विदेशी बैंक और विदेशी कंपनियों से यहां के लोगों को सुरक्षित रखने के लिए कोई नियम आपको जरूर बनाना है। आप यह बिल तो लाए हैं, लेकिन इस बिल में, जैसा कि अग्रवाल जी ने कहा, धारा 22 से धारा 28 तक जो संसद को इसमें नियम बनाने की शक्ति है, तो क्या कोई संसद में नियम बनाए हैं या इसके उपनियम कोई बने हैं या उपनियम हैं, उसका इस बिल के अंदर कहीं कोई स्पष्ट उल्लेख नहीं है। तो मैं मंत्री जी से आग्रह करना चाहूंगा कि वह स्पष्ट करें कि संसद में कौन-कौन से इस संदर्भ में नियम बने हैं, कौन-कौन से उपनियम हैं? मैं यही निवेदन करना चाहता था। मंत्री जी इन बातों पर अपना जवाब दें। जयहिंद।

SHRI R. K. KUMAR (TAMIL NADU): Mr. Vice-Chairman, Sir, although my party has been allotted more time, I will take only two-three minutes. I am at a disadvantage because I am speaking at this late hour of the day when the receptivity is very low. Further, since I am the last speaker, I run the risk of repeating the things which have already been said. However, I will avoid all this.

Sir, I welcome this Bill and I would say that this is a step in the right direction. Looking to the changed times and the volume of transactions, this is an absolute necessity. However, Sir, this Bill is like a lady of the house appointing servant 'A' and after some time appointing servant 'B' and then telling that servant 'B' would himself decide what time he would come for work, what work he sould do, what wages he would get, and servant 'A' would approve all these regulations stipulated by servant 'B'. Here, the entire thing has been left to the depsitory company to formulate its own bye-laws and these bye-laws have to be approved by the SEBI. No doubt, We are now living in an era of delegated legislation, whether it is the American Senate or the Indian Parliament where we have the Committee system and delegation, but still I feel that there is not much to talk when so much has been delegated.

Now, section 27 says that every rule and every regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament. However, I find that already, the regulations formulated by the SEBI have been published in the 'Chartered Secretary', a house-magazine of the Institute of Company Secretaries of India. They have published this already in the July' 96 Issue of the said magazine.

Sir, scriptless trading is nothing new to the Indian market. In the securities market, the Reserve Bank of India's Public Debt Office was doing the same thing in respect of Government securities. In the securities scam, the State Bank of India issued a cheque for Rs. 1,600 crores in favour of the Punjab National Bank for the purchase of 2011 Government of India Bonds, at 11.5 per cent rate of interest. But the broker who got the cheque, got a SGL transfer—this is a paper transfer—for Rs. 1100 crores corrected the second one into 6; thereby, he could have Rs. 500 crores for the purpose of speculation in the share market.

My point is, human ingenuity knows no bounds. Therefore, my question is: what precautions these depositories and the SEBI are going to take because, even now, the transfer of the beneficial owner's name in the depository and also creation of pledge, hypothecation, etc., would involve paper work. Here, I would like to draw the attention of the hon. Minister to only one provision—section 9(2).

[The Deputy Chairman *in the Chair]*

Section 9(2) Says:

"Nothing contained in sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956, shall apply to the securities held by a depository on behalf of the beneficial owners."

Madam, I am not a good lawyer, but it looks that there is a lacuna in the drafting, because Section 372 of the Companies Act relates to inter-corporate investments. A company can invest in another company's shares, subject to certain ceilings with regard to the paid-up capital of the company which is investing and the company into whcih it is investing. The violation of Section 372 is a serious offence under the Companies Act. Now, the Depositories Bill provides for the option of physical possession of the certificates as well. That is the option. Or a name can be entered into the Depository records as befeficial owner. The wording of this section, by exempting section 372 of the Companies Act to the securities held by a depository on behalf of the beneficial owner would create a situation, whereby a company, which wants to violate section 372, can enter its name with the depository as the beneficial owner and get away with that. If that is not the intention of Section 9, it should be suitably amended to say "shall not apply to depository in respect of the securities". This requires some change and I would request the hon. Finance Minister to look into it.

Madam, this is a very welcome step and we cannot avoid. But, at the same time, I would like to submit that for having access to Internet through my personal computer, yesterday I had to struggle for four hours, because the telephone lines were going off and my connection was being disconnected again and again. So, when depositories are going to work in a computerised environment, the infrastructure should be developed for the telecommunication network. Otherwise it would be a failure.

On the point about the availability of the black money in the stock market, I do not agree that once you put all the stocks in the depositories, the availability of the black money would go away. Thousands of crores of rupees of balck money is being circulated by means of blank transfer deeds. So, those certificates will circulate, even after this Bill since there is the option of physical possession.

We should not bother about those things and go ahead with the legislation. With these words, I welcome this legislation.

THE DEPUTY CHAIRMAN: The hon. Prime Minister is here. He has made a statement in the Lok Sabha and he would like to make a statement in the Rajya Sabha before the Minister replies on the discussion on the Statutory Resolution, which we are having under discussion. I think, the House will be happy to hear the Prime Minister.

SHRI SATISH AGARWAL: It is regarding what?

THE DEPUTY CHAIRMAN: It is regarding what, Mr. Prime Minister?

THE PRIME MINISTER (SHRI H.D. DEVE GOWDA): It is on Kashmir.

THE DEPUTY CHAIRMAN: It is on Kashmir. It is an important issue. That is why the Prime Minister has come. I have got a letter. Let me read out the letter. Mr. Prime Minister, will you take your seat for a moment? Let me read it. "With the permission of the Rajya Sabha, the Prime Minister would like to make a statement in the House at 5 p.m. today regarding Jammu and Kashmir. So, the hon. Chairman may kindly be requested..." It is Mr. Jena's letter. It is regarding Jammu and Kashmir that the Prime Minister will make a statement.

SHRI JOHN F. FERNANDES (Goa): It is a *suo motu* statement? Are we entitled to seek clarifications?

SHRI SATISH AGARWAL: If it is a statement, we have to receive copies for seeking clarifications.

THE DEPUTY CHAIRMAN: Mr. Prime Minister, in this House we are quite different from the Lok Sabha. *Suo motu.* statement always comes along with the copies and the copies also should be in English and Hindi. That is the requirement.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Normally that is true. This statement was made in the Lok Sabha. Therefore, it is appropriate that it is made in the Rajya Sabha also today. After the statement, I do not think there would be any need for clarifications. It there is any, I am sure the Prime Minister would answer.

THE DEPUTY CHAIRMAN: The Prime Minister is not breaking any procedure. Since there is some urgency, he came to the House. Let the House extend some cooperation and listen to him first. If there is anything ...*{Interruptions)*.... Let us listen to him.

STATEMENT BY PRIME MINISTER

Taking up of some Important Projects and also Completing the on-going Projects on a Priority in Jammu and Kashmir

THE PRIME MINISTER (SHRI H.D. DEVE GOWDA): Thank you very much. Madam Deputy Chairman, as Hon'ble Members are aware, the massive unemployment of youth in the State of Kashmir has been a contributory factor in the growth of militancy. Similarly, the State is deficient in power which is an essential infrastructure for development of industry and even for tourism. Government, therefore, proposes to take up some of the important projects and also to complete the on-going projects on a top priority.

The Government would be taking up the construction of 290 km. railway line from Udhampur to Baramulla as a national project to be financed by Government of India outside the Railway's Plan. The project is estimated to cost about Rs. 2500 crores and would be a great factor in integrating Kashmir with the rest of the country. In addition to providing employment in the State itself, on completion the rail communications would help in the mobility of people from the State to the rest of the country for employment, education, trade, etc. The survey work from Udhampur to Banihal has alredy been completed and survey work upto Baramulla will be over by March, 1997. The line would pass via Katra-Riasi-Banihal-Qazigund-Srinagar. The Railways would take up the work of construction of the Udhampur-Katra Section immediately, to be completed in 4 years time. The Government would provide Rs. 200 crores for this phase of the work. In the current year budget itself, we would provide Rs. 30 crores and the work would start immediately. With adequate funding, the entire line up to Baramulla could be completed in 8 to 10 years time.

Mughal Road

The Jammu-Kashmir National Highway, the only surface link between the Kashmir Valley and Jammu, is at present be set with problems of frequent blockades as a result of landslides and snow avalanches. To provide a dependable alternative link between the two regions of the State, the Government would take up the Mughal Road Project under the Centrally Sponsored Scheme of "Roads of Economic Importance". The project spread over a length of 85 kms. is estimated to cost Rs. 77.40 crores (1994-95 costs). The project cost would be shared between the Centre and the State in the ratio of 50:50. The road joining Jammu to Srinagar — (via) Rajouri-Shopian and Pulwama, and scheduled to be completed in 6 year's time will generate considerable employment potential along the entired stretch passing through backward areas of the State. When completed, the road apart from generation of economic activities, will help in mitigating the sense of isolation of the people of Kashmir. For speedy execution, it would be entrusted to the Borders Roads organisation.